



# PUBLIC MEETING

## **Utah Committee of Consumer Services**

Utah Department of Commerce  
November 16, 2007



# Welcome & Business

---



# Consultant Update: RFP Results and Overview of Rate Case Preparation

---

Michele Beck



## Consultant Update

# RFP Results: Cost of Capital

- 3 respondents
- 2 acceptable proposals with reasonable costs
  - Costs varied from \$20,000 to \$79,220
- Staff scored proposals according to stated criteria
- Propose hiring Diversified Utility Consultants
  - Diversified Utility Consultants (Daniel Lawton)
  - Contract cost: \$20,000
  - Contract period: Two years with five 1-yr renewable option



## Consultant Update

# RFP Results: Cost of Service

- 6 respondents
- Vast differences in cost, experience level, proposal quality
  - Costs varied from \$35,480 to \$156,555
- 2 proposals acceptable with reasonable costs
- Staff scored proposals according to stated criteria
- Propose hiring Resource Insight, Inc:
  - Resource Insight (Paul Chernick, Susan Geller, et al)
  - Contract cost: \$63,814
  - Contract period: two years, with five 1-yr. renewable option



Consultant Update

## RFP Update: PCAM

- Recent information indicated that RMP is unlikely to include PCAM in this rate case
- Staff withdrew the PCAM RFP with an explanation to potential bidders
- Staff will re-evaluate needs after the case is filed
  - PCAM?
  - Other forms of adjustment mechanisms?

## Consultant Update

# Discussion on Proposed RFP contracts

- RMP Cost of Capital review
  - Diversified Utility Consultants (Daniel Lawton)
  - \$20,000, 2 years (plus possible extensions)
  - Most cost effective, significant RMP experience, good performance record with the Committee
- RMP Cost of Service review
  - Resource Insight (Paul Chernick, Susan Geller, et al)
  - \$63,814, 2 years (plus possible extensions)
  - Cost effective, sound proposal, significant RMP experience, fresh look at cost of service issues, good performance record with the Committee
- Committee input or questions?



## Consultant Update

# Summary: Rate Case Preparations

- Teams assembled: staff assignments, contract amendments, RFP results
- Rate cases anticipated soon:
  - Rocky Mountain Power:
    - on or soon after December 11
  - Questar Gas Company:
    - on or soon after December 10





## Consultant Update

# Questar 2007 Rate Case Consultants

- Larkin & Associates
  - To assist staff in examining revenue requirement, cost of capital, and cost of service/rate design
    - Woolridge (COC) \$ 25,000
    - Larkin (RR/Acctg) 90,000
    - Dismukes (COS/RD) 75,000
  - Contract amount: **\$190,000**



## Consultant Contracts

# PacifiCorp 2007 Rate Case Consultants

- Larkin & Associates
    - Examine revenue requirement and test year
    - Contract amount: \$136,900
  - Hayet Power Systems Consulting
    - Examine net power cost
    - Contract amount: \$ 85,000
  - Diversified Utility Consulting
    - Examine cost of capital
    - Contract amount: \$ 20,000
  - Resource Insight, Inc.
    - Examine cost of service/rate design
    - Contract amount: \$ 63,814
- TOTAL AMOUNT..... \$ 305,714**



# Update: Draft Legislation

---

Michele Beck



Update Draft Legislation

## Low Income Legislation

---

- Discussions ongoing
- RMP does not intend to run this legislation in the 2008 session

Update: Draft Legislation

## Carbon Reduction Legislation

- Draft legislation released shortly after the last Committee meeting
  - Some concerns after seeing actual draft language
  - Cost recovery issues
  - Unclear method for determining cost effectiveness
  - New exemptions from the RFP
- Suggested approach
  - Monitor developments closely
  - Continue to work through the concerns with RMP and other parties
  - Participate in collaborative process at the legislature



## Consultant Update

# Other Potential Legislation

- Securitization for utility funding
  - Under evaluation for potential consumer protection concerns
  - Likelihood unknown
- Other renewable initiatives?
  - Unlikely this session



# Other Business/Adjourn

---